

IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

EDWARDS LIFESCIENCES LLC, et. al,

Plaintiffs,

v.

COOK INCORPORATED, et. al,

Defendants,

No. C 03-03817 JSW

**ORDER DENYING W.L. GORE &
ASSOCIATES, INC. MOTION
FOR LEAVE TO FILE AN
AMENDED ANSWER TO
PLAINTIFFS' SECOND
AMENDED COMPLAINT**

INTRODUCTION

This matter comes before the Court upon consideration of the motion for leave to file an amended answer to Plaintiffs' Second Amended Complaint filed by Defendant W.L. Gore & Associates, Inc. ("Gore"). Having considered the parties' papers, relevant legal authority, the record in this case, and having had the benefit of oral argument, the Court HEREBY DENIES Gore's motion.

FACTUAL AND PROCEDURAL BACKGROUND

On August 15, 2003, Plaintiffs Edwards Lifesciences LLC ("Edwards") and Endogad Research PTY Limited ("Endogad") (collectively "Plaintiffs") filed this suit alleging that Defendants, Cook Incorporated ("Cook") and Gore, infringe upon U.S. Patent Nos. 6,582,458 ("the '458 Patent"), 6,613,073 ("the '073 Patent"), 6,685,736 ("the '736 Patent"), and 6,689,158

1 (“the ‘158 Patent”) (collectively the “patents-in-suit”). Plaintiffs filed a First Amended
2 Complaint on September 2, 2003. This case was stayed on November 1, 2004, pending the
3 resolution of *Medtronic, Inc. v. Geoffrey White*, N.D. Civ. No. 04-2201, which was related to
4 the above captioned matter by order dated June 9, 2004 (“the *White* litigation”). The Court
5 lifted the stay on March 31, 2006. Plaintiffs filed a Second Amended Complaint on May 11,
6 2006. Gore filed its Answer to the Second Amended Complaint on June 23, 2006. On May 15,
7 2006, the parties re-commenced fact discovery, which closed on February 29, 2008. No trial
8 date has been set.

9 The patents-in-suit relate to devices for treating aneurysms, in particular abdominal
10 aortic aneurysms and occlusive disease, without resort to “open” surgery. Dr. Geoffrey White
11 (“Dr. White”) and Dr. Weiyun Yu (“Dr. Yu”), the inventors, assigned or licensed the patents-in-
12 suit to Plaintiffs. Gore claims that Dr. White or Dr. Yu, or both, had knowledge of Dr. Juan
13 Carlos Parodi’s (“Dr. Parodi”) prior art in the field of stent grafts, prior art which Gore contends
14 is material to the patents-in-suit. (Proposed Second Amended Answer to the Second Amended
15 Complaint (“PSAA”) ¶ 50.) In particular, Gore asserts that Dr. White and/or Dr. Yu knew of
16 Dr. Parodi’s article *Endoluminal Aortic Aneurysm Repair Using A Balloon-Expandable Stent-*
17 *Graft Device: A Progress Report*, 8 ANNALS OF VASCULAR SURGERY, Nov. 1994 and/or the
18 book chapter *Endovascular Repair of Abdominal Aortic Aneurysms*, in ADVANCES IN
19 VASCULAR SURGERY (Mosby-Year Book, 1993). (*Id.* ¶¶ 50, 52.) Additionally, Gore asserts Dr.
20 White and Dr. Yu were aware of Dr. Michael Dake’s (“Dr. Dake”) prior art. (*Id.* ¶ 64.) Gore
21 now moves to add a counterclaim for invalidity based on inequitable conduct. This claim arises
22 from the inventors’ alleged failure to disclose the above mentioned prior art to the United States
23 Patent and Trademark Office (“PTO”).

24 Drs. Yu and White were deposed on several occasions. Drs. White and Yu were not
25 deposed for all purposes until February 27-29, 2008. Discovery originally was limited to
26 ownership and, later, to matters relevant to claim construction. However, in depositions held in
27 June 2004, Gore’s counsel questioned Drs. Yu and White about their knowledge of the
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1 publications by Dr. Parodi, on which now Gore bases its claim for inequitable conduct. In
2 addition, in November 2007 and December 2007, Gore deposed three prosecuting attorneys for
3 the patents-in-suit: Bruce Center, Raymond Sun, and Richard A. Neifeld (collectively the
4 “Prosecuting Attorneys”). In all three of the Prosecuting Attorneys’ depositions Gore’s counsel
5 asked about their knowledge of Dr. Parodi’s published work.

6 ANALYSIS

7 A. Legal Standard.

8 Federal Rule of Civil Procedure 15(a) permits a party to amend its pleading once as a
9 matter of right at any time before a responsive pleading is served. Once a responsive pleading
10 has been served, however, amendment requires written consent of the adverse party or leave of
11 the court, and leave “shall be freely given when justice so requires.” Fed. R. Civ. P. 15(a).
12 Though the decision to grant or deny the motion for leave to amend is governed by the district
13 court’s discretion, the general rule is that amendment of the pleadings is to be permitted. *See*
14 *Forman v. Davis*, 371 U.S. 178, 230 (1962); *DCD Programs, Ltd. v. Leighton*, 833 F.2d 183,
15 186 (9th Cir. 1986). The four factors commonly used to determine the “propriety of a motion
16 for leave to amend ... are: bad faith, undue delay, prejudice to the opposing party, and futility of
17 amendment.” *DCD Programs, Ltd.*, 833 F.2d at 186. “These factors, however, are not of equal
18 weight in that delay, by itself, is insufficient to justify denial of leave to amend.” *Id.* The other
19 factors used to determine the propriety of a motion for leave to amend could each,
20 independently, support a denial of leave to amend a pleading. *Lockheed Martin Corp. v.*
21 *Network Solutions, Inc.*, 194 F.3d 980, 986 (9th Cir. 1999.) Of these factors, “prejudice to the
22 opposing party is the most important factor.” *Jackson v. Bank of Hawaii*, 902 F.2d 1385, 1387
23 (9th Cir. 1990).

24 B. The Factors Favor Denying Gore’s Motion for Leave to File an Amended Answer.

25 1. Undue Delay.

26 Gore unduly delayed filing its motion for leave to amend. Courts do not look favorably
27 upon the assertion of new legal theories, when the factual basis of those legal theories was
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1 known to the party for a significant amount of time prior to filing a motion for leave to amend.
2 *See, e.g., Acri v. International Ass'n of Machinists & Aerospace Workers*, 781 F.2d 1393, 1398
3 (9th Cir. 1986) (holding that “late amendments to assert new theories are not reviewed
4 favorably when the facts and the theory have been known to the party seeking amendment since
5 the inception of the cause of action”). An inequitable conduct claim includes three elements:
6 “(1) intent to deceive, (2) materiality, and (3) the misrepresentations’s relationship to the
7 targeted patent or patents.” *Collaboration Properties, Inc. v. Tandberg ASA*, 2007 U.S. Dist.
8 LEXIS 8632, at *13-14 (N.D. Cal. Jan. 25, 2007). In *Chodos v. West Publishing Co.*, 292 F.3d
9 992 (9th Cir. 2002), the court denied a motion for leave to amend because the “‘new’ facts had
10 been available to Chodos even before the first amendment to his complaint.” *Chodos*, 292 F.3d
11 at 1003. Here, it is undisputed that Gore had knowledge of facts regarding two of the three
12 elements of the claim as early as 2003. Thus, like the *Chodos* case, the majority of the facts for
13 the inequitable conduct claim were known to Gore even before its previous answer. To avoid
14 undue delay, Gore should have properly pleaded the claim earlier in litigation.

15 A party that contends it learned “new” facts to support a claim should not assert a claim
16 that it could have pleaded in previous pleadings. *See, e.g., Chodos*, 292 F.3d at 1003 (amending
17 the pleading caused undue delay when the party knew of the factual basis for the amendment
18 prior to a previous amendment). “While it is true that, with respect to inequitable conduct,
19 ‘intent may be inferred from the surrounding circumstances,’ *Critikon, Inc. v. Becton Dickinson*
20 *Vascular Access, Inc.*, 120 F.3d 1253, 1256 (Fed. Cir. 1997), there is a difference between what
21 [defendant] must *show to prove* inequitable conduct and what [defendant] must *allege to plead*
22 *inequitable conduct*.” *Collaboration Properties, Inc.*, 2007 U.S. Dist. LEXIS 8632, at *13-14
23 (emphasis in original). A claim for inequitable conduct can be made “if the party believes it can
24 later prove that [the applicant] intended to deceive the PTO-- whether through direct or
25 circumstantial evidence-- [the] pleading should, at the very least, reflect that belief.” *Id.* at 14
26 (citations omitted). Gore represents it lacked facts to prove the intent to deceive element of the
27 inequitable conduct claim. The “new” facts Gore relies on are from depositions of the
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1 Prosecuting Attorneys in November 2007. A review of the proposed counterclaim suggests
2 Gore could have pleaded intent to deceive on information and belief prior to the Prosecuting
3 Attorneys' depositions. While the Court appreciates Gore's hesitance to plead inequitable
4 conduct, this "new" evidence is an unpersuasive reason for the delay associated with the
5 proposed amendment. In conclusion, Gore presents no reason for its undue delay in amending
6 its answer to include the claim of inequitable conduct and the Court finds this factor weighs
7 against granting Gore's motion to amend. *See Lockheed Martin Corp.*, 194 F.3d at 986 (9th
8 Cir. 1999.)

9 **2. Prejudice to Opposing Parties.**

10 The second factor to consider is the potential prejudice to Plaintiffs. When "additional
11 discovery would have to be undertaken" because the amended pleading contains "different legal
12 theories and require[s] proof of different fact[s]," the opposing party may be prejudiced.
13 *Jackson*, 902 F.2d at 1387. For example, "a need to reopen discovery and therefore delay
14 proceedings supports a district court's finding of prejudice from a delayed motion to amend the
15 complaint." *Lockheed Martin Corp.*, 194 F.3d at 986.

16 Gore's addition of an inequitable conduct claim late in this litigation prejudices
17 Plaintiffs, because it will require additional fact discovery. Because fact discovery closed in
18 February 2008, the Court would need to reopen those deadlines. Further, Gore's amendment
19 will cause Plaintiffs to incur additional legal costs that could have been prevented if the
20 inequitable conduct claim was asserted in 2006. Therefore, the factor of prejudice to the
21 opposing party, weighs against granting leave for Gore to amend its answer. *See Jackson*, 902
22 F.2d at 1387 (holding "prejudice to the opposing party is the most important factor" in the
23 weighing test).

24 **3. Bad Faith.**

25 Bad faith in filing a motion for leave to amend exists when the addition of new legal
26 theories are baseless and presented for the purpose of prolonging the litigation. *See Griggs v.*
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1 *Pace American Group, Inc.*, 170 F.3d 877, 881 (9th Cir. 1999). The Court finds no evidence
2 that the amendment is sought in bad faith. Thus, this factor weighs in Gore's favor.

3 **4. Futility.**

4 "Where the legal basis for a cause of action is tenuous, futility supports the refusal to
5 grant leave to amend." *Lockheed Martin Corp.*, 194 F.3d at 986. "A proposed amendment is
6 futile if 'no set of facts can be proved under the amendment to the pleadings that would
7 constitute a valid and sufficient claim or defense.'" *Collaboration Properties, Inc.*, 2007 U.S.
8 Dist. LEXIS 8632, at *8.

9 Gore alleges facts that, if true, could support a claim for inequitable conduct. While
10 neither party addresses the futility factor, it weighs in favor of granting leave to amend. While
11 both the futility and bad faith factors do not weigh against granting leave to amend, the Court
12 finds that Gore's delay, the delay that would be associated with conducting additional
13 discovery, and the significant prejudice to Plaintiffs outweigh these factors.

14 **CONCLUSION**

15 For the foregoing reasons, the Court hereby DENIES Defendant's motion for leave to
16 file an amended answer.

17 **IT IS SO ORDERED.**

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United States District Court
For the Northern District of California

Dated: April 2, 2008

JEFFREY S. WHITE
UNITED STATES DISTRICT JUDGE